Piramal Pharma (PIRPHA)

CMP: ₹195 | Target ₹ 240 (+23%) | Target Period: 12 months | BUY

July 30, 2026

Growth momentum restored...

About the stock: Piramal Pharma Limited (PPL) is part of the Piramal group of companies. The company operates in 3 major segments.

- Contract development and manufacturing organisations (CDMO)
- Complex hospital generics (critical care)
- Piramal Consumer Healthcare (PCH).

PPL owns 17 development and manufacturing facilities across India, US and UK with capabilities in sterile, API, formulations, drug discovery and manufacturing of nutrition products. The company holds 49% stake in AbbVie Therapeutics, JV with Allergan, and 33.33% in Yapan Bio which operates in the biologics / bio-therapeutics and vaccine segments.

Result Performance & Investment Rationale:

- **Q1FY27 – improvement across parameters**: Revenues grew 17.4% YoY to ₹2270 crore driven by 19% growth in CDMO business (55% of sales) to ₹1187 crore, 17% growth in Complex Hospital Generics segment (30% of sales) to ₹743 crore, while the India Consumer Business (15% of sales) grew ~15% to ₹347 crore. Gross profit margin (GPM) for the quarter stood at 62.5% (down 165 bps); whereas, EBITDA grew ~83% YoY to ~₹195.2 crore, with the EBITDA margin improved by 308 bps to 8.6%, mainly due to lower employee cost and other expenses.
- **After a tough FY26, growth is back**: Overall performance was better than expectations. The CDMO business, after an year-long hiatus witnessed healthy broad-based revenue growth. Improving biopharma funding is also translating into stronger RFP momentum and a pickup in order inflows for the CDMO segment. The CHG business also witnessed encouraging traction across select ex-US markets. The recent Kenalog acquisition should further support growth in this segment in coming quarter, alongside traction in ex-US inhalation anaesthesia. Growth in the India consumer business continues to be driven by power brands and e-commerce. For CDMO, the company continues to invest in end-to-end capabilities- a case in point is efforts towards offering complete solution in an ever-growing Antibody Drug Conjugates (ADC) offerings (mainly used in targeted cancer therapies) by developing an ecosystem with significant capex at Lexington (ongoing capex) and Riverview facilities in the US. Going forward, management has reaffirmed delivering of sustained revenues growth and EBITDA expansion through FY27. We believe Strong pipeline of 157 molecules (25 in phase III) and capex continuity besides management's confidence of achieving of long-term guidance (CDMO revenue target of US$ 1.2 billion by FY30) provides ample growth visibility.

Rating and Target Price:

- We maintain our BUY rating with revised TP of ₹240/share based on SoTP valuation (17x FY 28E CDMO EBITDA, 15x FY28E CHG EBITDA, 2x FY28E PCH Sales, and 10x PAT from AbbVie JV).

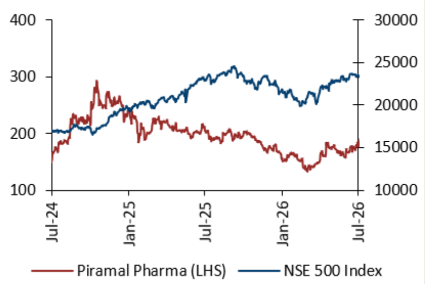
Particulars

Particular	Amount
Market Capitalisation	₹ 25798 crore
Debt (FY26)	₹ 5675 crore
Cash (FY26)	₹ 1200 crore
EV	₹ 30272 crore
52-week H/L	209 / 132
Equity capital	₹ 1323 crore
Face value	₹ 10

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	34.9	34.9	34.9	34.8
FII	30.3	29.7	30.2	12.5
DII	14.9	15.7	15.6	14.6
Others	20.0	19.8	19.4	38.1

Price Chart



Key risks

(i) Higher sensitivity of CDMO business towards overall performance.

(ii)Price Erosion and supply issues in CHG

Research Analyst

Siddhant Khandekar
siddhant.khandekar@icicisecurities.com

Shubh Mehta
shubh.mehta@icicisecurities.com

Vedant Nilekar
vedant.nilekar@icicisecurities.com

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	FY26	3-year CAGR (FY23-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	7081.6	8171.2	9151.2	8869.1	7.8	10263.5	11616.5	14.4
EBITDA	628.2	1196.3	1444.8	921.6	13.6	1685.1	2080.4	50.2
EBITDA Margins (%)	8.9	14.6	15.8	10.4		16.4	17.9	
Net Profit	-186.5	17.8	91.1	-325.9	-20.5	405.7	599.2	LP
Adjusted EPS (₹)	-1.4	0.6	0.7	-1.0		3.1	4.5	
PE (x)	-138.0	1444.4	282.5	-79.0		63.5	43.0	
EV/EBITDA (x)	49.0	25.0	20.9	32.6		18.1	14.5	
RoCE (%)	1.4	5.0	5.8	2.2		7.5	8.6	
RoE (%)	-2.7	1.0	1.1	-1.6		4.7	6.5	

Source: Company, ICICI Direct Research

Recent earnings call highlights

CDMO Business –

- Piramal's overseas facilities typically have gross margins between 75% and 85%, while Indian facilities are lower at 55% to 65%, resulting in a blended average of 64-65% for the company.
- The CDMO business inaugurated a new commercial scale payload linker development manufacturing site at its Riverview facility, enhancing support for customers from development through commercial manufacturing.
- No sales are currently anticipated for FY27 from a large contract that experienced destocking, though discussions with the innovator are ongoing for other projects.

Complex Hospital Generics –

- Kenalog supplies are expected to start from Q2FY27.
- During the quarter company gained traction in ex-US inhalation anaesthesia. markets

Indian Consumer –

- The Consumer Healthcare business delivered strong mid-teen revenue growth, driven by power brands, rapid e-commerce expansion, and wider distribution reach.
- The company is investing approximately 12% of sales in media and trade promotion for brand building, focusing on premiumization and high-potential product launches.
- Price increases were implemented in the consumer healthcare business to combat input cost inflation

Overall Performance -

- Management has maintained its original annual guidance for FY27.
- Capex Guidance for FY27 is US$120-135 million, US$21 million already spend.
- Management reaffirmed its overall EBITDA margin guidance of 25% by FY30, with the CDMO business being the largest driver for this expansion.
- The expansion of sterile injectable capacity at Lexington is on track for completion by the end of calendar year 2027.

Exhibit 1: Quarterly Summary (₹ crore)

(₹ crore)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Net Sales	2552.4	1951.1	2241.8	2204.2	2754.1	1933.7	2043.7	2139.9	2751.8	2269.9	17.4	-17.5
Other Operating Income	2552.4	1951.1	2241.8	2204.2	2754.1	1933.7	2043.7	2139.9	2751.8	2269.9	17.4	-17.5
Variable Cost of Sales	1014.4	674.4	796.5	805.8	955.0	694.1	702.5	786.3	1055.7	852.3	22.8	-19.3
% of Revenue	39.7	34.6	35.5	36.6	34.7	35.9	34.4	36.7	38.4	37.5	165 bps	-82 bps
Gross Profit	1538.0	1276.8	1445.3	1398.4	1799.1	1239.7	1341.2	1353.6	1696.1	1417.7	14.4	-16.4
Gross Profit Margin (%)	60.3	65.4	64.5	63.4	65.3	64.1	65.6	63.3	61.6	62.5	-165 bps	82 bps
Employee Expenses	494.2	579.7	559.5	556.2	612.0	618.6	611.5	599.9	586.0	675.6	9.2	15.3
% of Revenue	19.4	29.7	25.0	25.2	22.2	32.0	29.9	28.0	21.3	29.8	-223 bps	847 bps
Other Expenditure	513.9	492.6	544.1	504.4	626.1	514.4	571.1	558.0	649.6	546.8	6.3	-15.8
% of Revenue	20.1	25.2	24.3	22.9	22.7	26.6	27.9	26.1	23.6	24.1	-251 bps	48 bps
Total Operating Expenditure	2022.4	1746.7	1900.1	1866.5	2193.1	1827.0	1885.0	1944.1	2291.3	2074.7	13.6	-9.5
% of Revenue	79.2	89.5	84.8	84.7	79.6	94.5	92.2	90.9	83.3	91.4	-308 bps	814 bps
Operating Profit (EBITDA)	529.9	204.5	341.6	337.7	561.0	106.7	158.7	195.7	460.5	195.2	82.9	-57.6
EBITDA Margin (%)	20.8	10.5	15.2	15.3	20.4	5.5	7.8	9.1	16.7	8.6	308 bps	-814 bps
Depreciation	196.1	184.6	192.2	196.8	242.8	197.3	202.8	212.7	218.4	223.6	13.3	2.4
Interest	114.2	107.0	107.6	103.3	103.7	86.2	82.4	89.2	83.0	88.1	2.2	6.1
Other Income	26.4	19.5	61.1	12.1	42.0	58.4	65.6	43.2	46.1	89.4	53.1	94.1
PBT	215.4	-67.5	102.9	49.7	256.6	-97.6	-61.0	-104.1	29.4	-27.0	-72.3	-191.8
Total Tax	126.2	43.6	97.5	63.1	119.3	2.7	53.0	42.3	51.8	61.9	2210.8	19.5
Tax rate (%)	58.6	-64.6	94.8	126.9	46.5	-2.7	-87.0	-40.7	176.1	-229.2	-22645 bps	-40531 bps
PAT	101.3	-88.6	22.6	3.7	153.5	-81.7	-99.2	-136.2	-8.8	-69.4	-15.1	686.7
PAT Margin (%)	4.0	-4.5	1.0	0.2	5.6	-4.2	-4.9	-6.4	-0.3	-3.1	117 bps	-274 bps

Source: Company, ICICI Direct Research

Exhibit 2: Valuation Summary

Particulars	FY28E (₹ cr)	Multiple (x)	EV (₹ cr)
CDMO EBITDA	1080.5	17 x	18,368
CHG EBITDA	905.0	15 x	13,575
Consumer Healthcare Sales	1640.8	2 x	3,282
AbbVie PAT(49%)	69.2	10 x	692
Net Debt FY28E (₹ cr)			4468.3
Targeted MCap (₹ cr)			31,448
No of shares (cr)			132.3
Per Share Value (₹)			240

Source: Company, ICICI Direct Research

Financial summary

Exhibit 3: Profit and loss statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Total Operating Income	9,151.2	8,869.1	10,263.5	11,616.5
Growth (%)	12.0	-3.1	15.7	13.2
Raw Material Expenses	2,055.7	1,995.8	3,274.8	3,709.1
Gross Profit	5,919.5	5,630.6	6,610.5	7,678.5
Gross Profit Margins (%)	64.7	63.5	64.4	66.1
Employee Expenses	2,307.5	2,415.9	2,460.5	2,692.9
Other Expenditure	2,167.2	2,293.0	2,464.8	2,905.2
Total Operating Expenditure	7,706.4	7,947.4	8,578.4	9,536.1
EBITDA	**1,444.8**	**921.6**	**1,685.1**	**2,080.4**
Growth (%)	20.8	-36.2	82.8	23.5
Interest	421.6	340.8	352.3	318.3
Depreciation	816.3	831.2	894.2	1,111.2
Other Income	134.8	213.3	249.1	232.3
PBT before Exceptional Items	341.7	-37.1	687.8	883.3
Less: Exceptional Items	0.0	196.1	0.0	0.0
PBT after Exceptional Items	341.7	-233.2	687.8	883.3
Total Tax	323.5	149.9	345.0	353.3
PAT before MI	18.2	-383.1	342.7	530.0
PAT	**91.1**	**-325.9**	**405.7**	**599.2**
Growth (%)	411.4	-457.6	-224.5	47.7
EPS (Adjusted)	**0.7**	**-1.0**	**3.1**	**4.5**

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Profit/(Loss) after taxation	7.3	-443.4	405.7	599.2
Add: Depreciation & Amortization	775.5	784.5	894.2	1,111.2
Net Increase in Current Assets	-500.5	-602.8	-380.7	-749.9
Net Increase in Current Liabilities	-70.0	1,083.9	-208.8	317.8
Others	680.0	830.4	352.3	318.3
CFO	**892.3**	**1,652.6**	**1,062.7**	**1,596.5**
Investments	132.3	-90.3	0.0	0.0
(Purchase)/Sale of Fixed Assets	-664.4	-890.0	-1,200.0	-800.0
Others	54.6	154.3	8.8	9.0
CFI	**-477.5**	**-826.0**	**-1,191.2**	**-791.0**
(inc)/Dec in Loan	48.7	320.4	-500.0	-500.0
Dividend & Dividend tax	-14.5	-18.6	0.0	0.0
Other	-475.1	-340.8	-352.3	-318.3
CF from Financing activities	**-440.8**	**-39.0**	**-852.3**	**-818.3**
Net Cash Flow	**-36.9**	**793.9**	**-980.8**	**-12.8**
Cash and Cash Equivalent	219.2	182.3	1,199.9	219.1
Cash	**369.0**	**1,199.9**	**219.1**	**206.3**
Free Cash Flow	**227.9**	**762.6**	**-137.3**	**796.5**
Profit/(Loss) after taxation	7.3	-443.4	405.7	599.2
Add: Depre & Amortization	775.5	784.5	894.2	1,111.2
Net Increase in CA	-500.5	-602.8	-380.7	-749.9
Net Increase in CL	-70.0	1,083.9	-208.8	317.8

Source: Company, ICICI Direct Research

Exhibit 5: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Equity Capital	1,324.4	1,327.2	1,327.2	1,327.2
Reserve and Surplus	6,801.1	6,835.5	7,241.1	7,840.3
Total Shareholders funds	8,125.5	8,162.6	8,568.3	9,167.5
Total Debt	4,856.5	5,674.6	5,174.6	4,674.6
Deferred Tax Liability	248.4	358.2	365.3	372.7
Long-Term Provisions	48.7	94.3	96.2	98.1
Other Non Current Liabilities	175.6	156.3	159.4	162.6
Source of Funds	**13,455**	**14,446**	**14,364**	**14,475**
Gross Block - Fixed Assets	10,350.0	11,622.6	12,722.6	13,422.6
Accumulated Depreciation	3,364.8	4,196.1	5,090.3	6,201.4
Net Block	6,985.2	7,426.5	7,632.3	7,221.2
Capital WIP	976.9	1,099.8	1,199.8	1,299.8
Fixed Assets	7,962.1	8,526.3	8,832.1	8,520.9
Investments	290.7	436.8	436.8	436.8
Goodwill on Consolidation	1,148.2	1,257.4	1,257.4	1,257.4
Other non-Current Assets	106.1	169.9	173.3	176.8
Deferred Tax Assets	393.1	514.7	514.7	514.7
Inventory	2,312.7	3,064.4	3,093.1	3,500.9
Debtors	2,349.5	2,157.7	2,496.9	2,826.1
Other Current Assets	746.2	637.9	650.6	663.7
Cash	369.0	1,199.9	219.1	206.3
Total Current Assets	5,777.4	7,059.9	6,459.8	7,196.8
Creditors	1,533.8	2,479.1	2,249.5	2,546.1
Provisions	42.9	42.2	43.1	43.9
Other Current Liabilities	646.4	997.8	1,017.7	1,038.1
Total Current Liabilities	2,223.0	3,519.1	3,310.3	3,628.1
Net Current Assets	3,554.4	3,540.8	3,149.4	3,568.8
Application of Funds	**13,455**	**14,446**	**14,364**	**14,475**

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (₹)				
Reported EPS	0.7	-2.5	3.1	4.5
Cash EPS	0.7	-1.0	3.1	4.5
BV per share	61.6	61.8	64.9	69.5
Cash per Share	2.8	9.1	1.7	1.6
Dividend per share	0.0	0.0	0.0	0.0
Operating Ratios (%)				
Gross Profit Margins	64.7	63.5	64.4	66.1
EBITDA margins	15.8	10.4	16.4	17.9
PAT Margins	1.0	-1.5	4.0	5.2
Cash Conversion Cycle	125	113	119	119
Asset Turnover	0.9	0.8	0.8	0.9
EBITDA conversion Rate	61.8	179.3	63.1	76.7
Return Ratios (%)				
RoE	1.1	-1.6	4.7	6.5
RoCE	5.8	2.2	7.5	8.6
RoIC	5.4	0.8	6.4	7.9
Valuation Ratios (x)				
P/E	282.5	-79.0	63.5	43.0
EV / EBITDA	20.9	32.6	18.1	14.5
EV / Net Sales	3.3	3.4	3.0	2.6
Market Cap / Sales	2.8	2.9	2.5	2.2
Price to Book Value	3.2	3.2	3.0	2.8
Solvency Ratios				
Debt / EBITDA	3.4	6.2	3.1	2.2
Debt / Equity	0.6	0.7	0.6	0.5
Current Ratio	2.4	1.7	1.9	1.9
Quick Ratio	1.4	0.8	1.0	1.0
Inventory days	92	126	110	110
Debtor days	94	89	89	89
Creditor days	61	102	80	80

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

Pankaj Pandey Head – Research pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Siddhant Khandekar, Inter CA; Shubh Mehta, MBA(Tech); Vedant Nilekar, MBA; Research Analyst, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report